Weekly Economic Review

Resale home sales improve

Resale Housing

Existing home sales advance in October

Existing home sales in Alberta rose for the second month in a row and were up year-over-year for the first time since November 2014. There were 4,765 existing home sales in October, up 6.5% month-over-month (m/m) and 3.4% year-over-year (y/y). Sales growth was led by Calgary (+11.4% y/y) and Edmonton (+3.2% y/y), whereas sales fell 9.2% y/y in the rest of the province. While sales increased in Alberta, new listings remained virtually unchanged and pushed the sales-to-new listing ratio up to 53.0%. Average sale price declined 0.9% m/m to $395,554 but remains up 1.8% from a year ago. A rush to avoid new mortgage rules which took effect October 17 may have contributed to the strength in home sales; they rose across Canada at the fastest rate since March 2016.

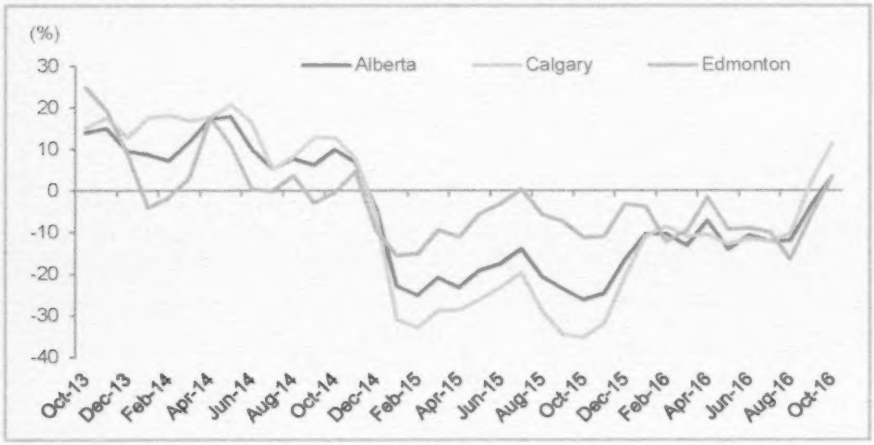
Manufacturing Shipments

Manufacturing shipments hold steady

After picking up in August, Alberta's manufacturing shipments were roughly unchanged in September. The value of manufacturing shipments stood at $5.3 billion (-0.4% m/m). Sales of petroleum and coal products climbed for the fourth consecutive month (+1.6% m/m) and posted its first y/y increase since November 2014. Shipments of transportation equipment (+36% m/m), fabricated metal (+3.8% m/m) and non-metallic minerals (+5.0% m/m), which were hit hard during the downturn, also rose. However, these gains were offset by losses in other major sub-sectors such as food (-2.2% m/m) and chemical manufacturing (-0.7% m/m). The year-over-year decline in shipments continued to ease, as the rate of decline decelerated to its slowest pace since December 2014 (-4.8% y/y) .

Chart 1: Existing home sales post first year-over-year increase since 2014

Year-over-year change in existing home sales



Source: Canadian Real Estate Association

Consumer Price Index

Food prices continue to weaken

Inflation in Alberta remains muted with consumer prices up a mere 0.5% y/y in October, unchanged from September's rate. Inflation was pulled down by lower food prices (-1.2% y/y) which posted the biggest decline since February 1994. There were broad-based decreases in major food products such as fresh fruits (-8.0% y/y), vegetables (-7.3% y/y), meat (-2.2% y/y) and dairy products (-3.9% y/y). Prices for gasoline (-7.0% y/y) and electricity (-14.4% y/y) continued to come down while rents (-2.0% y/y) also fell. Conversely, prices rose for property taxes (+5.0% y/y), vehicle purchases (+4.2% y/y), personal care services (+3.2% y/y), and homeowners' insurance (+2.3% y/y). Excluding food and energy, inflation was up 1.5% y/y. Alberta's inflation rate remains below the Canadian rate of 1.5%, reflecting an increase in shelter costs nationally compared to a decline in Alberta.

New Motor Vehicle Sales

New vehicle sales rebound

New vehicle sales surged in September following declines in the previous two months. Albertans bought 20,734 new vehicles, an increase of 10.4% m/m. Despite the monthly gains, new vehicle sales remained below last year's level (-10.4% y/y). Alberta continued to have the highest average price per vehicle among provinces at $42,888 which is just short of the record set in December 2010.

Contact

Kathleen Macaspac 780.427.8841

Please see the *Alberta Economy- Indicators at a Glance* for a snapshot of Alberta indicators.

Alberta Government

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Treasury Board and Finance
Economics and Revenue Forecasting